

CareFirst BlueCross BlueShield
10455 Mill Run Circle
Owings Mills, MD 21117-5559



Letter of Participation

January 9, 2002

Mr. John A. Picciotto
Executive Vice President, General Counsel
and Corporate Secretary
CareFirst, Inc.
10455 Mill Run Circle
Owings Mills, MD 21117

Dear John,

We are pleased to advise you that the Board of Directors has selected you to be a Participant in the CareFirst Merger Incentive Plan (the "Plan"), a copy of which is attached and is a part of this Letter of Participation. All capitalized terms used in this Letter of Participation have the meaning set forth in the Plan.

Under the Plan, you may receive a Merger Incentive Bonus in the event that a Sale or Disposition occurs and one of the employment conditions specified in Section 3(a)(i) or (ii) of the Plan is satisfied. Please read the attached copy of the Plan carefully to understand the terms and conditions under which such Merger Incentive Bonus will be paid.

In the event that there is a Sale or Disposition covered by the Plan and one of the employment conditions specified in Section 3(a)(i) or (ii) of the Plan is satisfied, your Merger Incentive Bonus will be equal to twenty-one thousand five hundred and thirty-eight hundred-thousandths of one percent (0.21538%) of the Merger Consideration.

You will become a Participant in the Plan only if you sign and return a copy of this Letter of Participation to me by January 18, 2002.

Sincerely,

A handwritten signature in black ink, appearing to read "W. L. Jews".

William L. Jews
President and Chief Executive Officer

OCC 008756



John A. Picciotto
January 9, 2002
Page Two

I hereby acknowledge that I have received and read the copy of the CareFirst Merger Incentive Plan delivered to me with this Letter of Participation, and I hereby accept and agree to the terms and conditions set forth in such document.



John A. Picciotto

Date: 1/10/02

